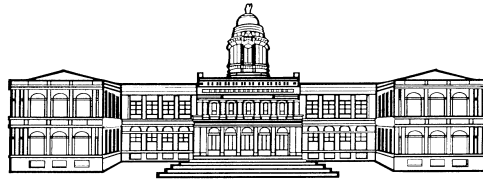


THE COUNCIL OF THE CITY OF NEW YORK

Finance Division



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Report on  
the Fiscal 2010 Executive Expense Budget  
for the  
**Department of Education**

May 27, 2009

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Speaker

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**Regina Poreda Ryan**  
Principal Legislative Financial  
Analyst



# Department of Education (040)

## Agency Overview

The Department of Education (DOE or the Department) provides primary and secondary educational services to more than one million children. The Department operates more than 1,450 elementary, middle, and high schools as well as special education schools. In addition to offering general education services in its schools, the DOE provides special education and related therapeutic services, offers English language learner instructional services, and provides career and technical training. The DOE also provides student transportation, breakfast and lunch services, and maintains all of its schools and office buildings.

## Expense Budget Highlights

The proposed budget for the DOE for the coming year is \$18.3 billion, \$654 million more than the current forecast operating budget for Fiscal 2009. As displayed in the table below, the Executive Budget for Fiscal 2010 is very nearly \$1 billion more than the Preliminary Budget. This increase is due almost entirely to the influx of new federal aid for education provided through the recently passed *American Recovery and Reinvestment Act* (“ARRA”). City support for the DOE will rise slightly over the level projected in the Preliminary Budget, but a year-over-year drop in City support of \$66 million remains. The drop in State aid to the DOE is more significant. The Executive Plan reflects the adopted State Budget for 2009-2010 that holds Foundation Aid, the unrestricted aid that funds schools’ operating budgets, flat at the 2008-2009 level, and fills the State across-the-board school aid budget cut with new federal revenue from ARRA. Next year the DOE will receive \$310 million less in State support than this year.

The DOE will spend almost \$13 billion on employees’ wages, salaries and fringe benefits in Fiscal 2010. This is 70 percent of the Department’s operating budget. Although the personal services portion of the DOE’s budget is projected to grow by \$454 million, it will support a smaller workforce. The budget shows a drop in the full-time equivalent headcount of 1,225 positions. Both pedagogical and non-pedagogical jobs will be lost, although the DOE has stated that no teachers will be laid off. The remainder of the DOE’s budget is reserved for other than personal services (“OTPS”), most of which is allocated for contractual services such as special education services and bussing. OTPS spending is projected to rise by \$103.9 million, a two percent increase.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
<b>Spending</b>				
Personal Services	\$11,874,105,387	\$12,495,432,127	\$12,035,691,498	\$12,949,077,866
Other than Personal Services	\$5,102,928,420	\$5,260,258,282	\$5,279,738,242	\$5,364,189,761
<b>Total</b>	<b>\$16,977,033,807</b>	<b>\$17,755,690,409</b>	<b>\$17,315,429,740</b>	<b>\$18,313,267,627</b>
<b>Funding</b>				
City	NA	\$7,415,129,111	\$7,252,307,656	\$7,348,825,635
Other Categorical	NA	\$51,434,103	\$51,434,103	\$62,970,396
State	NA	\$8,511,321,550	\$8,223,634,880	\$8,200,903,936
Federal - CDBG	NA	\$5,000,000	\$5,000,000	\$10,000,000
Federal - Other	NA	\$1,760,821,852	\$1,774,269,308	\$2,681,783,867
Intra-City	NA	\$11,983,793	\$8,783,793	\$8,783,793
<b>Total</b>	<b>NA</b>	<b>\$17,755,690,409</b>	<b>\$17,315,429,740</b>	<b>\$18,313,267,627</b>
<b>Headcount</b>				
Non-Pedagogical	10,760	25,487	25,012	25,012
Pedagogical	112,852	114,103	99,163	113,353
<b>Total</b>	<b>123,612</b>	<b>139,590</b>	<b>124,175</b>	<b>138,365</b>

## Executive Budget Overview

Overall, changes in the Executive Plan increase the Fiscal 2010 budget by \$997.8 million and the Fiscal 2009 budget by \$53.9 million. The table “Executive Budget Actions” on page 14 displays the initiatives in the Executive Plan and their impacts on Fiscal 2009 and 2010. These funding initiatives fall into five general categories:

- 1) federal stimulus funding increases, adding \$951.6 million;
- 2) collective bargaining adjustments, adding \$23.1 million;
- 3) revised budget estimates, including a school funding roll;
- 4) re-estimates of State and federal revenue projections reducing the DOE’s budget by \$50.2 million; and
- 5) PEGs, lowering the DOE’s budget by \$101.3 million.

### Federal Stimulus Funding

The newly available federal education aid provided through the ARRA totals \$951.6 million. Part of the funding will be used by the State to reverse a proposed Deficit Reduction Assessment and reduced reimbursement rate for special education pre-kindergarten services. These total \$362.9 million and \$97.3 million respectively. The ARRA also provides direct support to the DOE through Title 1, Part A of the *Elementary and Secondary Education Act* (“Title 1”) and Part B of the *Individuals with Disabilities Education Act* (“IDEA”) allocations. Next year, Title 1 revenue will climb by \$334.7 million over the current year base of \$795.8 million. IDEA funding that must be used to support special education and related services will rise by \$157.7 million over the Fiscal 2009 allocation of \$261.7 million. The ARRA support is available for two years in equal installments, and represents an historic increase in federal support for public schools. Its immediate impact will be to allow the DOE to avoid terminating almost 14,000 teachers.

### Collective Bargaining and Revised Budget Estimates

Budget increases related to collective bargaining settlements total \$23.1 million. They include wage increases for school safety administrative staff at the Police Department, and a \$21.5 million increase for DOE and its contractors’ staff who work in school facilities and custodial services. Spending re-estimates shown in the Plan include routine adjustments to the heat, light, and power, and fuel budgets. A more significant adjustment is the addition of \$70 million to the budget for Carter Cases to cover increasing settlement costs. The high level of payments on these cases presents a risk to the DOE’s budget.

### Revised Revenue Projections and PEGs

The Executive Plan also shows some adjustments to non-City revenues. These include a cumulative \$44 million reduction of various federal aids and a \$22.7 million reduction in State formula aids. The largest of these is a \$54.7 million drop in transportation aid to bring claims in line with actual expenditures. The previously forecast transportation budget had been inflated. The Executive Plan also includes two PEGs. The first lowers the DOE’s budget by \$1.3 million in Fiscal 2010 by shrinking the DOE’s fleet size by 34 cars. The second replaces \$100 million in City funds with an equal amount of State Building Aid in Fiscal 2010 only. The City has an excess of building aid that is not required to support Building Aid Revenue Bonds due to the City’s use of general obligation bonds in Fiscal 2008 to pay for school construction projects. For Fiscal 2010 only the City will use the excess

building aid to replace tax levy funding for schools, and allow the DOE to meet its requirement for a PEG in the Executive Plan without reducing the Department's operating budget.

### **Preliminary Plan Summary**

The Preliminary Budget for Fiscal 2010 presented a much bleaker budgetary outlook for the Department than does the Executive Plan. The Plan included not only \$306.1 million in PEGs, but also a \$765.7 million cut in State aid. It did not schedule any changes to the level of federal aid for schools. Since Preliminary, however, the State has adopted a budget for its 2009-2010 fiscal year, and the federal government has passed the ARRA. As discussed above, the ARRA will drive \$951.6 billion more to the City's schools next year, and allow the State to reverse \$460.2 million of its \$765.7 million cut to the DOE. The other increases in federal aids will help to mitigate the impact of the remaining State cuts and the City PEGs. All of the City-funded budget cuts proposed in January remain in the budget.

Some of the significant PEGS in the Preliminary Plan are:

- **School Budget Cuts**
  - A \$91.2 million across-the-board cut to school personal services funding. This will require elimination of approximately 1,440 school-based jobs.
  - A \$29 million cut to schools' OTPS budgets.
- **Expense Re-estimates totaling \$113 million**
  - Adds \$50 million to the Fiscal 2010 \$87.6 million Carter Cases budget that had been only \$35.4 million in Fiscal 2009.
  - Lowers the Student transportation budget by \$124.9 million and the food services budget by \$48.2 million, both of which had been inflated by overly steep cost increase estimates included in prior financial plans.
  - Increases the PS budget for special education instruction support by \$24 million with the expectation that the DOE will be able to hire additional related service providers.
- **Non-School Support Staff Reduction**
  - Cuts \$9.4 million from various central and local offices, such as the Integrated Support Centers, where jobs will be eliminated. The DOE has not shown the headcount loss associated with this PEG.
- **Improved Efficiencies in the Committee on Special Education ("CSE") Process**
  - Cut \$2.1 million from the CSE that is responsible for evaluating and placing non-public school children in special education programs.
- **Improved Medicaid Claiming Process**
  - Replaces \$8.5 million in City funds with Medicaid payments for targeted case management services. This swap grows to \$17 million in Fiscal 2011.

### **November Financial Plan Summary**

The November Financial Plan included a PEG program that lowered the Department's Fiscal 2009 budget by \$180.5 million or 2.4 percent, and its Fiscal 2010 budget by \$385.4 million or 4.9 percent. The cuts were spread among most areas of the Department, and can be summarized as follows:

- Direct Cuts to School Budgets
  - A \$103.7 million reduction to school budgets was imposed in November. The Fiscal 2010 value of this cut is \$269.9 million or just over three percent of school budget funding.
- Indirect School Cuts
  - A variety of PEGs reducing food services, transportation and school facilities totaled \$26.9 million in Fiscal 2009 and \$46.5 million in Fiscal 2010. These reductions will reduce school facilities staff by 95 positions and will reduce headcount in other areas as well.
- Central and Field Administration
  - A \$40.4 million cut in Fiscal 2009, growing to \$53 million in Fiscal 2010 would scale back a range of central services, and eliminate a significant number of jobs.

### **Summary of Changes to the Fiscal 2010 Budget Since Adoption**

During the past fiscal year, the Department's financial outlook has veered far from the track of funding growth that it had been on for several years. The shift began in Fiscal 2008 when the City began to impose PEGs on the DOE. The Administration took its first mid-year school budget cut in January 2008 when it imposed an across-the-board 1.75 percent or \$100 million cut on schools' budgets. Additional PEGs were included in the Adopted Budget for Fiscal 2009, and as is discussed herein, and PEGs totaling \$792.8 million have been introduced in the Fiscal 2010 November, Preliminary and Executive Plans. The Department has yet to clearly project how the City budget cuts will impact schools and other DOE functions.

The State's support of city schools will not begin to dip significantly until Fiscal 2010. The State's budget will leave the City's schools with far less support than had been expected. The State has frozen the amount of foundation aid it will make available to the City's schools at the current year level; the Universal Pre-Kindergarten allocation will also not grow. In order to reduce spending on schools, the State has decided to delay its compliance with the Campaign for Fiscal Equity decision for an additional two years by postponing the phase-in of the Foundation Aid formula until 2013-2014. Fortunately, the ARRA-provided increase in federal school support will largely make up for the drop in State aid in Fiscal 2010.

## Direct Student Services

The core responsibility of the Department is to provide primary and secondary educational services to children in New York City. In addition to providing basic instruction, this charge requires the DOE to provide special education and related services to qualifying children in accordance with the Individuals with Disabilities Education Act ("IDEA"). Funding for the DOE's core functions is budgeted in several units of appropriation, as shown in the table below.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
<b>Spending</b>				
401-GE Instr & Sch Leadership	\$5,462,567,515	\$5,646,266,257	\$4,878,604,989	\$5,250,162,513
402-GE Instr & Sch Leadership-OTPS	\$650,692,466	\$734,546,367	\$418,096,696	\$421,807,612
403-SE Instr & Sch Leadership	\$1,042,235,131	\$1,385,389,985	\$1,327,401,565	\$1,382,401,565
404-SE Instr & Sch Leadership-OTPS	\$3,337,603	\$6,142,994	\$6,424,052	\$6,424,052
421-CW SE Instr & Sch Leadership	\$674,361,288	\$685,655,620	\$683,962,070	\$709,499,070
422-CW SE Instr & Sch Leadership-OTPS	\$16,629,469	\$23,415,090	\$23,415,090	\$23,415,090
423-SE Instructional Support	\$216,251,938	\$209,978,255	\$235,782,665	\$291,359,769
424-SE Instructional Support-OTPS	\$173,159,529	\$153,743,594	\$185,312,356	\$200,890,356
481-Categorical Programs	\$1,270,713,013	\$1,279,509,055	\$1,261,283,981	\$1,524,630,073
482-Categorical Programs-OTPS	\$772,537,115	\$636,074,010	\$634,200,243	\$694,874,342
<b>Total</b>	<b>\$10,282,485,067</b>	<b>\$10,760,721,227</b>	<b>\$9,654,483,707</b>	<b>\$10,505,464,442</b>
<b>Funding</b>				
City	NA	\$2,571,000,819	\$2,236,595,736	\$2,363,991,571
Other Categorical	NA	\$23,163,707	\$26,163,707	\$37,700,000
State	NA	\$6,741,719,325	\$5,964,649,327	\$5,981,569,765
Federal – Other	NA	\$1,413,710,243	\$1,418,963,911	\$2,114,092,080
Intra-City	NA	\$11,127,133	\$8,111,026	\$8,111,026
<b>Total</b>	<b>NA</b>	<b>\$10,760,721,227</b>	<b>\$9,654,483,707</b>	<b>\$10,505,464,442</b>
<b>Headcount</b>				
Full-time Positions (Civ & Ped)	NA	115,809	100,820	115,010

## School Budgets

The funding held in UAs 401 and 402 pays for the core educational services provided by public schools. Along with the funding for school-based special education services budgeted in UAs 403 and 404, this is the money that makes up most of school budgets. The funding flows to schools from the DOE through a variety of school allocation formulas, the most significant of which is the Fair Student Funding ("FSF") formula. The FSF and other general purpose allocations funded from UAs 401 and 402 are used by principals to pay teachers, lunch aids, supervisors and other school staff, and to purchase curriculum materials, books and professional development services, among other things. The funding in UAs 403 and 404 is more targeted and principals must use it to provide mandated special education and related services to students.

As the table above displays, schools will suffer a real decline in their general purpose funding levels in Fiscal 2010. Funding for general education (UAs 401 and 402) will drop by \$708.7 million, or 11 percent in Fiscal 2010 from the Fiscal 2009 adopted budget level. The drop from the actual spending level in Fiscal 2008 is \$441.3 million or seven percent. This drop translates into a constriction of the discretionary funding available to principals.



The decline from Fiscal 2009 to Fiscal 2010 is due to two factors, a series of PEGs imposed on schools budgets and a cut in State education aid for Fiscal 2010. The table below lists the budget reductions impacting Fiscal 2010 since the Fiscal 2009 budget was adopted. The State budget cut reversals carried in the Executive Plan were made possible by the State stabilization funding provided to New York State through the ARRA.

<b>School Budget (UAs 401 &amp; 402) PEGs for Fiscal 2010</b>		
<b>Budget Plan</b>	<b>Budget Reduction</b>	<b>Amount</b>
Nov.	OTPS school PEG	(\$256,134,867)
	Administrative Support PEG	(\$5,868,018)
	Targeted OTPS PEG	(\$6,400,000)
Jan.	OTPS school PEG	(\$29,000,000)
	PS school PEG	(\$70,198,560)
	Other PEGs	(\$604,445)
	SE Pre-K State Cut	(\$89,829,637)
	State Cut	(\$601,799,751)
Exec.	Building Aid for Debt Service	\$0
	SE Pre-K State Cut Reversal	\$89,829,637
	State Cut Partial Reversal	\$278,596,272
	<b>Total Fiscal 2010 Reductions</b>	<b>(\$691,409,369)</b>

### School Staffing

As mentioned previously, the ARRA funding will allow the DOE to avert as many as 14,000 teacher lay offs. All job losses however, will not be avoided, and considerable redistribution of jobs among schools and among position titles is likely. The allocation for UA 401, General Education and School Leadership - PS is scheduled to drop by \$212.4 million in Fiscal 2010 compared to actual Fiscal 2008 expenditures, whereas the allocation for UA 403 Special Education and School Leadership – PS will increase by \$340.2 million. This indicates that schools will employ fewer teachers and other school staff next year, but will increase staff who provide special education services.

The shift of personal services spending from general education to special education at the school level will be accomplished by several steps. Several PEGs have targeted school spending since the Fiscal 2009 budget was adopted, and since most of school spending is on personnel, these PEGs necessarily target spending on staff. For example, the November Financial Plan removed \$11 million for teacher overtime pay to score State tests and imposed a larger across-the-board cut to schools worth \$256.1 million in Fiscal 2010 and \$103.6 million in Fiscal 2009. To implement the mid-year cut, principals reduced non-pedagogical school staff positions and hours and cut spending on teacher per session pay, among other things. Further personnel reduction among general education school staff will be accomplished by leaving vacancies unfilled, and by hiring from within.

### **Special Education and Related Services**

A significant and growing part of the Department's budget is allocated to special education and related services. These mandated services that include nursing care and speech and occupational therapy, will require a larger portion of the DOE's resources next year than this. Special education and related services for DOE students are budgeted in three UA groups: 1) Special Education and School Leadership; 2) Citywide Special Education Instruction and School Leadership; and 3) Special Education Instructional Support.

The November Financial Plan made one change related to these special education funding levels. It imposed an across-the-board reduction to district 75 schools worth \$1.9 million in Fiscal 2009 and \$3.7 million in Fiscal 2010. In the Preliminary Plan, only UA 423 was adjusted. Changes include a \$1.7 million increase related to a DC 37 collective bargaining agreement, a \$13.8 million increase for Fiscal 2009 only to match the budget with forecast expenditures, and a \$24 million shift of DOE funding into UA 423 starting in Fiscal 2010. This baseline increase presumably reflects the DOE's expectation to increase headcount of related service providers.

The Executive Plan again increased the Fiscal 2009 budget for UA 423, this time by \$18 million. The Plan also added \$24.5 million in IDEA monies from ARRA for related services. This action tied the new IDEA funding to 341 jobs that had previously been funded with City funds. Finally, the Executive Plan boosted funding for related services PS and OTS in Fiscal 2010 only by \$47.5 million by transferring City funds held in the fringe benefits reserve to UAs 423 and 424.

Special education services provided by the community schools are funded through UAs 403 and 404. As mentioned above, these funds are transferred to principals. The Executive budget shows an increase for Fiscal 2010 in UA 403, but this is due almost entirely to a roll of \$55 million from Fiscal 2009 into Fiscal 2010. The DOE allows principals to roll unused funding into the next fiscal year. Why the school roll from Fiscal 2009 to Fiscal 2010 is carried in UA 403 is not known.

### **Restricted Funding**

UAs 481 and 482 include non-City funding that must be used to support a particular program or service. Most of the categorical funding is allocated to public schools for supplemental educational programs. This includes the entire personal services categorical budget and some of the OTS budget. The funding sources budgeted here include Title 1, state aid for Universal Pre-Kindergarten ("UPK"), IDEA, and supports for adult education programs among others.

### **Executive Plan Changes**

The Executive Budget introduces new budget codes for the ARRA-provided Title 1 and IDEA funding. In UA 481, \$240 million and 4,923 positions are associated with the new Title 1 funding, and \$98.2 million and 2,015 positions are associated with the IDEA funding. Presumably this funding will be distributed to schools to use in accordance with each funding sources' guidelines. The Executive Budget also lowers the UPK funding for public schools by \$65.8 million in Fiscal 2010 as compared to the current modified budget. The UPK funding for contracted UPK providers, however, increases by \$40.7 million.

The Executive Budget also includes initiatives that adjust a variety of federal and State categorical aids. The DOE has not yet provided an explanation for these revenue re-estimates.

## Administration

The Department's organizational structure includes two levels of administration. The central administrative offices, funded through UAs 453 and 454, include offices such as Teaching and Learning, Finance and Administration, Operations, School Safety, Governmental Affairs, and Media Relations. These central offices provide oversight, guidance and support to all of the DOE's schools, programs, and services. The second level of administration includes the local administrative offices that support schools. Funded through UAs 415 and 416, these offices include the integrated service centers, the school support organizations, parent engagement staff, the community superintendents, student placement offices, and school age and pre-school committees on special education.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
<b>Spending</b>				
453-Central Administration – PS	\$181,020,581	\$161,961,937	\$145,355,226	\$145,355,226
454-Central Administration-OTPS	\$217,830,129	\$204,667,096	\$178,654,905	\$178,501,352
415-School Support Org. – PS	\$191,485,108	\$196,735,676	\$188,118,599	\$188,118,599
416-School Support Org.-OTPS	\$21,945,186	\$21,096,424	\$20,204,131	\$20,204,131
<b>Total</b>	<b>\$612,281,004</b>	<b>\$584,461,133</b>	<b>\$532,332,861</b>	<b>\$532,179,308</b>
<b>Funding</b>				
City	NA	\$374,229,326	\$313,791,952	\$313,638,399
Other Categorical	NA	\$4,487,426	\$4,487,426	\$4,487,426
State	NA	\$51,193,942	\$179,145,874	\$179,145,874
Federal - Other	NA	\$154,550,439	\$34,907,609	\$34,907,609
<b>Total</b>	<b>NA</b>	<b>\$584,461,133</b>	<b>\$532,332,861</b>	<b>\$532,179,308</b>
<b>Headcount</b>				
Full-time Positions (Civ & Ped)	NA	4,274	3,943	3,943

### Executive, Preliminary and November Financial Plan Changes

The Executive Plan makes no changes to the School Support Organization UAs, and virtually none to the Central Administration UAs. Similarly, the Preliminary Plan left projected spending on administration untouched. The year over year drop in administrative spending stems from initiatives introduced in the November Financial Plan. The November Financial Plan PEGs reduced headcount in these units of appropriation by 337 positions. Despite the fact that the November Financial Plan included PEGs for the DOE's Fiscal 2009 budget that entailed significant mid-year job cuts, the Department has yet to provide a complete accounting of how it plans to achieve its headcount reductions. The November Financial Plan PEGs are as follows:

- **Central Administration Reductions:** \$11.1 million in Fiscal 2009 and \$14.6 million in Fiscal 2010. This initiative calls for the elimination of 284 jobs. The Department has not provided any information on which jobs will be eliminated or which central offices and programs would suffer cuts.
- **Central Administration OTPS Cut:** \$14.7 million in Fiscal 2009 and \$22 million in Fiscal 2010. This initiative involves reductions to many central programs and services such as reducing the frequency of interoffice mail delivery, ending out-of-town travel, and trimming production of enrollment materials. The DOE would also eliminate the mid-year class of recruits hired through the Teaching Fellows and cut back recruits next September.
- **School Support Reduction:** \$3.3 million in Fiscal 2009 and \$5.1 million in Fiscal 2010. The Department plans to eliminate jobs in all of the integrated service centers and in various other

administrative field offices. Most of the jobs cut will be in the ISCs; others have not yet been identified.

- **Reduce Central/Field Funds:** \$2.7 million in Fiscal 2009 and \$6.1 million in Fiscal 2010.

## School Support Services

School support services include building maintenance and repair, energy and lease costs, student breakfast and lunch programs, pupil transportation, and school security services. The School Facilities Division and the School Food Services program are largely direct service providers that are staffed with DOE employees. Pupil transportation and school security, on the other hand, are outsourced. The DOE contracts with a coalition of private bus companies for student bussing; security services are purchased through an interagency agreement from the New York City Police Department.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
<b>Spending</b>				
435-School Facilities	\$408,178,995	\$388,077,142	\$372,191,350	\$389,133,766
436-School Facilities-OTPS	\$167,358,372	\$137,628,092	\$136,551,624	\$150,326,360
438-Pupil Transportation	\$966,877,643	\$1,068,988,318	\$1,069,745,641	\$1,014,985,508
439-School Food Services	\$188,267,586	\$188,167,084	\$196,898,077	\$196,898,077
440-School Food Services-OTPS	\$182,828,916	\$221,473,353	\$196,820,871	\$196,321,824
442-School Safety-OTPS	\$204,085,822	\$214,085,822	\$227,384,587	\$226,623,178
444-Energy & Leases-OTPS	\$391,680,346	\$450,206,989	\$454,999,826	\$442,594,840
<b>Total</b>	<b>\$2,509,277,680</b>	<b>\$2,668,626,800</b>	<b>\$2,654,591,976</b>	<b>\$2,616,883,553</b>
<b>Funding</b>				
City	NA	\$1,557,880,922	\$1,422,746,940	\$1,433,021,874
Other Categorical	NA	\$8,300,000	\$8,300,000	\$8,300,000
State	NA	\$784,385,218	\$897,474,481	\$844,491,124
Federal - CDBG	NA	\$5,000,000	\$5,000,000	\$10,000,000
Federal - Other	NA	\$312,204,000	\$320,397,788	\$320,397,788
Intra-City	NA	\$856,660	\$672,767	\$672,767
<b>Total</b>	<b>NA</b>	<b>\$2,668,626,800</b>	<b>\$2,654,591,976</b>	<b>\$2,616,883,553</b>
<b>Headcount</b>				
Full-time Positions (Civ & Ped)	NA	2,537	2,442	2,442

## Executive Plan Changes

The Executive Plan adds funding to cover collective bargaining related compensation increases for members of several unions. Skilled trades staff and employees of DOE and private school custodians will be effected, as will Police Department staff assigned to school safety. The Preliminary Plan also included collective bargaining-related increases. It boosted funding for school security services by \$13.3 million to cover collective bargaining increases for Police Department employees including school safety agents. The Executive Plan also includes an addition of \$10 million in Community Development funding provided through ARRA for code compliance.

## Preliminary Plan Changes

The Preliminary Plan included a PEG titled "Expense Re-Estimates" that lowered the budgets for student transportation (U/A 438) by \$124.9 million and food services (U/A 440) by \$48.2 million based on the Department's revised projections of bussing contract and food commodities costs. Rising fuel costs and related inflationary price increases had driven these spending estimates upward during the prior two years. The Financial Plan used these re-estimates to off set expenditure increases associated with the DOE's special education programs.

### **November Financial Plan Changes**

The November Financial Plan introduced a board range of PEGs targeted at school support services beginning in Fiscal 2009. The PEGs include the following:

- **Custodial Services Cut:** \$6.9 million in Fiscal 2010. This initiative would impose an across-the-board reduction in the amount the DOE pays custodians to maintain school buildings. DOE headcount would not be reduced, although custodians would be likely to reduce their employees' hours, overtime and possibly jobs. Custodians will review their custodial plans with their principals to determine which services to reduce or eliminate. This action would not impact contract spending on private custodians.
- **Skilled Trades Staff and Overtime Cut:** \$6.7 million in Fiscal 2010. DOE hopes to eliminate 71 skilled trades positions through attrition and lay-offs, although the Department has yet to identify the actual positions that will be eliminated. The remaining skilled trades workforce will focus on emergency and mandated repairs.
- **Administrative and Technical Services Cut:** \$2.1 million in 2010. This initiative would eliminate 24 administrative jobs in the School Facilities Division related to oversight, quality control and evaluation of the work done by skilled trades staff.
- **Trades Materials:** \$2.5 million in Fiscal 2010. This reduction would be achieved by reducing the amount of repair work done in schools.
- **Reductions in Maintenance and Repair Contracts:** \$3.5 million in Fiscal 2010. This would limit contracts to required and emergency work.
- **Food Services Cut:** \$496,000 in Fiscal 2010. This initiative may reduce overtime and straight time hours worked by food service staff.
- **Student Transportation Cut:** \$6.7 million in Fiscal 2010. This eliminates all funding for installation of GPS devices on school buses, and requires the Department to reduce spending on its more than \$1 billion student transportation operation by \$5 million.

## Fringe Benefits and Collective Bargaining

Spending scheduled in UA 461 pays for DOE's employees' fringe benefits such as social security, health insurance, payments to welfare funds, annuity contributions, workers' compensation, and unemployment benefits. The collective bargaining UA is maintained to provide a reserve for expected costs associated with collective bargaining agreements.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
<b>Spending</b>				
461-Fringe Benefits	\$2,216,628,242	\$2,283,440,558	\$2,419,492,372	\$2,547,378,008
491-Collective Bargaining	\$22,395,990	\$70,250,558	\$326,600,604	\$324,141,200
<b>Subtotal</b>	<b>\$2,239,024,232</b>	<b>\$2,353,691,116</b>	<b>\$2,746,092,976</b>	<b>\$2,871,519,208</b>
<b>Funding</b>				
City	NA	\$2,109,651,365	\$2,232,406,634	\$2,145,446,476
Other Categorical	NA	\$15,165,000	\$12,165,000	\$12,165,000
State	NA	\$228,874,751	\$501,521,342	\$501,521,342
Federal - Other	NA	\$0	\$0	\$212,386,390
<b>Total</b>	<b>NA</b>	<b>\$2,353,691,116</b>	<b>\$2,746,092,976</b>	<b>\$2,871,519,208</b>

The November, Preliminary and Executive Plans have changed these UAs to track adjustments to the Department's headcount, and forecast increases in employee compensation rates. All of the collective bargaining actions show a transfer of money out of the collective bargaining reserve into the relevant personnel services UA and into the fringe benefits UA. The Fiscal 2010 collective bargaining reserve is high relative to its Fiscal 2008 expenditure level and Fiscal 2009 level due to the Administration's expectation that it will provide United Federal of Teachers' members with raises during the coming year. The \$253.8 million increase shown for Fiscal 2010 would provide UFT members salary increases at the DC 37 pattern.

## Private and Charter School Pass-Throughs

The funding included U/A 470 pays for tuition payments for pre-school students who attend private schools that offer special educational services, for related therapeutic services, and for transportation costs. Funding in U/A 472 provides for payments to charter schools, in-State and out-of-State contract schools and non-resident tuition for children placed in foster care outside of New York City. Transportation costs for students are also included. Funding in U/A 474 is transferred to non-public schools to purchase educational supplies such as library books, textbooks, and data processing equipment. Additionally, support for the Fashion Institute of Technology (FIT), a State University of New York school, is included here.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
<b>Spending</b>				
470-SE Pre-K Contract Payments	\$637,848,134	\$653,496,458	\$752,384,461	\$764,657,203
472-Charter/Contract/Foster Care	\$635,026,096	\$673,770,579	\$914,870,663	\$958,844,663
474-NPS & FIT Payments	\$61,091,594	\$60,923,096	\$60,673,096	\$63,719,250
<b>Total</b>	<b>\$1,333,965,824</b>	<b>\$1,388,190,133</b>	<b>\$1,727,928,220</b>	<b>\$1,787,221,116</b>
<b>Funding</b>				
City	NA	\$802,366,679	\$1,046,766,394	\$1,092,727,315
Other Categorical	NA	\$317,970	\$317,970	\$317,970
State	NA	\$585,505,484	\$680,843,856	\$694,175,831
<b>Total</b>	<b>NA</b>	<b>\$1,388,190,133</b>	<b>\$1,727,928,220</b>	<b>\$1,787,221,116</b>

### **Executive Plan Changes**

The Executive Plan includes a few changes to these budgets. For Fiscal 2009 it moves \$8.2 million out of the out-of-state contract school budget to cover special education related costs at charter schools. The DOE has not provided any details regarding this shift. The Plan also shifts funding from contract schools to increase the budget for carter cases by \$64.7 million in Fiscal 2010. For special education pre-K the Plan registers a \$29.8 million increase in State aid for Fiscal 2009. Another initiative increases the baseline State revenue estimate by about \$10 million a year. The Preliminary Plan had included a proposed State cut to special education pre-K revenue; this proposal was reversed in the Executive Plan.

# Supplemental Tables

## Executive Budget Actions

The following table summarizes changes to the Fiscal 2009 and 2010 budgets introduced in the Executive Plan. The Non-City actions include State, Federal, Other Categorical, and Intra-City funding changes.

Description	Fiscal 2009			Fiscal 2010		
	City	Non-City	Total	City	Non-City	Total
<b>DOE Budget as per the Preliminary Plan</b>	<b>\$7,252,308,000</b>	<b>\$10,353,182,000</b>	<b>\$17,605,490,000</b>	<b>\$7,252,307,000</b>	<b>\$10,063,122,000</b>	<b>\$17,315,429,000</b>
<b>Executive Plan Programs to Eliminate the Gap (PEGs)</b>						<b>\$0</b>
Building Aid for Debt Service	\$0	\$0	\$0	(\$100,000,000)	\$0	(\$100,000,000)
Fleet-Related Expense Reduction	\$0	\$0	\$0	(\$1,305,200)	\$0	(\$1,305,200)
<b>Total PEGs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$101,305,200)</b>	<b>\$0</b>	<b>(\$101,305,200)</b>
<b>Executive Plan Other Adjustments</b>						
ARRA: DRA Restoration	\$0	\$0	\$0	\$0	\$361,867,141	\$361,867,141
ARRA: IDEA	\$0	\$0	\$0	\$0	\$157,696,793	\$157,696,793
ARRA: Title 1	\$0	\$0	\$0	\$0	\$334,726,412	\$334,726,412
ARRA: SE Pre-K Restoration	\$0	\$0	\$0	\$0	\$97,260,106	\$97,260,106
SE Pre-K FY10-13	\$0	\$0	\$0	\$316,921	\$10,285,821	\$10,602,742
Building Aid for Debt Service	\$0	\$0	\$0	\$100,000,000	\$0	\$100,000,000
CD Adjustment	\$0	\$0	\$0	\$0	(\$5,000,000)	(\$5,000,000)
CD Stimulus Funding	\$0	\$0	\$0	\$0	\$10,000,000	\$10,000,000
Federal Revenue Adjustments	\$0	(\$25,203,149)	(\$25,203,149)	\$0	(\$44,035,893)	(\$44,035,893)
Carter Cases	\$70,000,000	\$0	\$70,000,000	\$0	\$0	\$0
Contract Schools/Carter Cases	(\$18,000,000)	\$0	(\$18,000,000)	\$0	\$0	\$0
Collective Bargaining	\$22,875,408		\$22,875,408	\$23,133,197		\$23,133,197
Surplus Roll	(\$55,000,000)	\$0	(\$55,000,000)	\$55,000,000	\$0	\$55,000,000
Fuel	(\$30,458,708)	\$0	(\$30,458,708)	(\$32,286,000)	\$0	(\$32,286,000)
Heat, Light and Power	(\$1,150,104)	\$0	(\$1,150,104)	\$17,050,982	\$0	\$17,050,982
School Facilities Revenue	\$6,000,000	\$0	\$6,000,000	\$0	\$0	\$0
Education Through Music	\$4,000	\$0	\$4,000	\$0	\$0	\$0
Food Revenue	\$0	\$2,211,496	\$2,211,496	\$0	\$0	\$0
HIP Increase in State Budget	\$5,420,000	\$0	\$5,420,000	\$34,625,000	\$0	\$34,625,000
IC w/DOE - School Wellness	\$0	\$16,500	\$16,500	\$0	\$0	\$0
Kitchen AC Grant	\$0	\$800,000	\$800,000	\$0	\$1,700,000	\$1,700,000
Laptops for Hospital Schools	\$123,650	\$0	\$123,650	\$0	\$0	\$0
Other Categorical Revenue Adjustment	\$0	\$11,536,293	\$11,536,293	\$0	\$11,536,293	\$11,536,293
Playgrounds	\$0	\$0	\$0	\$2,000,000	\$0	\$2,000,000
Related Services	\$18,000,000	\$0	\$18,000,000	\$0	\$0	\$0
School Safety Reestimate	(\$123,650)	\$0	(\$123,650)	(\$2,316,921)	\$0	(\$2,316,921)
SE Pre-K Revenue	\$0	\$29,803,157	\$29,803,157	\$0	\$0	\$0
State Categorical Aids	\$0	(\$69,584)	(\$69,584)	\$0	(\$4,687,748)	(\$4,687,748)
State Formula Aid	\$0	\$0	\$0	\$0	\$7,046,047	\$7,046,047
State Instructional Materials Aid	\$0	\$309,454	\$309,454	\$0	(\$473,812)	(\$473,812)
State Special Services Aids	\$0	\$15,642,334	\$15,642,334	\$0	\$18,082,105	\$18,082,105
State Transportation Aid	\$0	\$0	\$0	\$0	(\$54,683,357)	(\$54,683,357)



Description	Fiscal 2009			Fiscal 2010		
	City	Non-City	Total	City	Non-City	Total
CEO-CUNY Catch Program	\$0	\$0	\$0	\$300,000	\$0	\$300,000
CSP Expense Budget		\$193,000	\$193,000	\$0	\$0	\$0
Transfer of funds between OC	\$0	\$996,816	\$996,816	\$0	\$0	\$0
<b>Total Other Adjustments</b>	<b>\$17,690,596</b>	<b>\$36,236,317</b>	<b>\$53,926,913</b>	<b>\$197,823,179</b>	<b>\$901,319,908</b>	<b>\$1,099,143,087</b>
<b>Total Executive Plan Budget Changes</b>	\$17,690,596	\$36,236,317	\$53,926,913	\$96,517,979	\$901,319,908	\$997,837,887
<b>DOE Budget as per the Executive Plan</b>	<b>\$7,269,998,596</b>	<b>\$10,389,418,317</b>	<b>\$17,659,416,913</b>	<b>\$7,348,824,979</b>	<b>\$10,964,441,908</b>	<b>\$18,313,266,887</b>

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### Summary of Changes Since June 2009 Plan

City Funds only, \$\$ 000's

	2009	2010	2011	2012	2013
<b>June 2009 Plan</b>	<b>\$7,415,129</b>	<b>\$7,907,051</b>	<b>\$8,536,723</b>	<b>\$8,548,620</b>	<b>\$</b>
New Needs	\$7,754	\$21,167	\$23,088	\$25,155	\$0
Collective Bargaining	\$28,390	\$36,432	\$38,591	\$38,591	\$23,140
Other Adjustments	(\$11,148)	\$176,939	\$2,607	\$4,102	\$5,736
PEGs	(\$176,128)	(\$792,764)	(\$691,564)	(\$691,564)	(\$105)
<b>Exec 2010 Plan</b>	<b>\$7,263,997</b>	<b>\$7,348,825</b>	<b>\$7,909,445</b>	<b>\$7,924,904</b>	<b>\$8,054,551</b>